



Rating Action

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PACRA UPGRADES RATING OF SECURITIZED TFC OF CHANDA OIL & GAS SECURITIZATION COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has upgraded the rating of securitized (asset-backed) TFC of PKR 1,000mln by Chanda Oil & Gas Securitization Company Limited (COGSCL) to “A+”. The rating denotes a low expectation of credit risk and strong capacity for timely payments to the TFC holders.

The increase in production levels, following commissioning of commercial production from the 3rd well in Jul06, and stronger likelihood of oil prices maintaining current high levels have positive impact on the overall cashflows available to the TFC holders. Meanwhile, with plans to initiate drilling of a new well in Chanda field, the production levels are likely to be further augmented, going forward. Considering the improvement in cushion available to the TFC holders, the rating of TFC has been upgraded to ‘A+’ (Single A Plus).

About the Issuer: COGSCL is a bankruptcy-remote special purpose vehicle. It has acquired the title, property and right in receivables of Zaver Petroleum Corporation Limited (ZPCL) originating from sale of ZPCL’s share of production from the Chanda oilfield. The transaction between COGSCL and ZPCL is a true sale. COGSCL generated the funds required to purchase the receivables through issuing asset backed TFCs in February 2005 and has created a first exclusive charge over the receivables in favour of the trustee.

About the Instrument: The TFC has a tenor of 7 years maturing in February 2012 carrying profit based on simple average of last 7 days of ask side of 3 months KIBOR rate plus 325bps with a floor of 8.95% p.a. and a cap of 13% p.a. Principal redemption is to be made in 27 unequal quarterly installments that commenced from August 2005 (outstanding installments: 20, principal: PKR 831mln). To date, COGSCL has paid all due installments on timely basis.

About the Originator: ZPCL, incorporated in August 1991, is the first local exploration and production company. Hashoo Group owns the majority stake in ZPCL through its different companies and individual nominees. The group has diversified business interests, out of which Pearl-Continental Hotel and Marriott Hotel chains are the most significant. The company currently has working interests in five exploration concessions in Pakistan and one in Sudan.

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